SECTION 1.0 – INTRODUCTION

1.1 PROJECT OBJECTIVES, PURPOSE AND NEED

The California State Lands Commission (CSLC) is considering granting a new 20-year lease of California sovereign lands to Shore Terminals, LLC (Shore Terminals). The lease, if granted, would allow Shore Terminals to continue to operate its marine terminal located on the south side of Carquinez Strait, approximately 1 mile east of the Benicia-Martinez Bridge in the city of Martinez in Contra Costa County as shown on the Vicinity Map in Figure 1.1-1.

Shore Terminals is an independent shipper of crude oil and petroleum products. Shore Terminals' operations comprise the marine terminal and on-land (upland) storage facilities in an industrial part of the city of Martinez. The marine terminal is on sovereign land leased from the CSLC, with the upland storage facilities located on private land, as shown on Figure 1.1-2.

The CSLC has prepared this Environmental Impact Report (EIR) in accordance with the California Environmental Quality Act (the CEQA) to analyze the environmental impacts associated with continued operations under the renewed lease. This EIR assesses the potential for environmental impacts associated with continued operation of the Shore terminal under the jurisdiction of the CSLC with particular emphasis on oil transfer operations at the marine terminal, vessel transit along shipping routes and upset (accident) conditions within Carquinez Strait, San Francisco Bay and along the outer coast. This EIR will provide the CSLC the information required to exercise its jurisdictional responsibilities for the proposed new lease.

1.2 PROJECT HISTORY

The CSLC originally leased the parcel, as PRC 4769.1 to Urich Oil Company in 1973. The lease has been amended several times by mutual consent of the CSLC and the then-lessee (Urich Oil). Wickland Oil Company accepted assignment of the lease from Martinez Terminals Limited in August 1991, and assigned its interest to Shore Terminals in November 1998. The Wickland lease had been for an initial term of 25 years with provisions for two optional renewals of 10-years each. Shore Terminals has notified the CSLC of its intent to exercise its option to renew its lease for the proposed 20-year period.

1.3 ORGANIZATION OF THE EIR

Section 2.0 of this EIR provides a description of the Proposed Project, including a description of the marine terminal, its layout and facilities, and an overview of its operation. Section 2.0 also describes those alternatives to the Proposed Project carried forward for analysis, and those alternatives that were considered but eliminated from

Figure 1.1-1 Vicinity Map

Figure 1.1-2 CSLC Lease Boundary, Shore Wharf and Upland Facilities Location

detailed evaluation. Existing environmental conditions, project-specific impacts and mitigation measures, and the impact analysis of the alternatives are presented in Section 3.0. Section 4.0 identifies the cumulative projects and evaluates the cumulative projects' impacts. Section 5.0 addresses other required CEQA elements. Section 6.0 presents report preparation sources, and Section 7.0 gives a list of acronyms. Section 8.0 contains the Mitigation Monitoring and Reporting Plan (MMRP). Appendix A of this document contains the Initial Study (IS)/Notice of Preparation (NOP) and public and agency responses to the NOP. Other technical appendices are also included in this document.

1.4 APPROACH USED FOR PREPARATION OF THE EIR

Study Area Boundary

The study area for this EIR has been established in three tiers of scope. The detailed study area extends east from the Interstate 80 (I-80) bridge to the western edge of the legally defined Delta, just west of Pittsburgh, encompassing Carquinez Strait and Suisun Bay, and includes the marine terminal and areas to the east and west most susceptible to oil spills. Since vessels transit within the San Francisco Bay and the outer coast, the area between the Golden Gate and the entrance of Carquinez Strait is considered the secondary area of study. The outer coast is the tertiary area of study.

Definition of Baseline Conditions

Shore Terminals proposes to continue operation of the marine terminal with no expansion or change in use of the existing facility for the duration of the proposed 20-year lease. Thus, the baseline conditions are defined as existing Shore Terminals operations and are described in more detail in Section 2.2.5 of this document. Within the analysis of the "No Project alternative" no tanker traffic/no operations associated with the Proposed Project are discussed in Section 2.4.2.

The primary information sources for Shore Terminals existing conditions include the lease application (Wickland 1998), additional data from Shore Terminals, and site visits. Sources of local area baseline information include the Final EIR/EIS for the Benicia-Martinez Bridge Project (1997), the Unocal Marine Terminal Lease Consideration EIRs (1994), and data from other past EIRs such as the EIR for the Long Term Management Strategies for the Placement of Dredged Material in the San Francisco Bay Region (1998), and the San Francisco Bay to Stockton Phase III (John F. Baldwin) Navigation Channel Deepening Project EIR/EIS (1997). Local planning documentation from Contra Costa County and city of Martinez were also referenced. Online information and Geographic Information Systems (GIS) resources were also utilized to the extent feasible.

The baseline for the greater part of the Bay and outer coast is referenced from previous documents with a short summary, as pertinent for applicable environmental discipline sections. Previous documents include the Unocal Marine Terminal EIR prepared for the CSLC. Information from this EIR pertinent to oil spill modeling have been reviewed for

applicability to the Shore Marine Terminal project and have been found to still be valid for use in this EIR. Other resource information referenced have been reviewed for their age and validity and where appropriate have been used in this EIR.

Information sources for applicable future conditions have been derived primarily from long-term local area planning documentation, as well as foreseeable changes to the regulatory environment.

Oil Spill Modeling

This EIR examines the potential consequences of accidents. Reference is made to the Unocal Marine Terminal Lease Consideration EIR that contain extensive oil spill modeling, including 14 reasonable worst-case scenarios representing a wide range of possible oil spills with variable locations, sizes, wind and current conditions. Scenario No. 6 from that document is representative of a spill near the Shore Terminals' facility. In addition, oil spill modelling and trajectory analyses conducted by Shore Terminals and Clean Bay are also referenced. These sources show that oil spread can potentially cover the entire area between I-80 and the Delta entrance. These model runs are included in Appendix B. Thus, it is assumed that any sensitive resources throughout that area could be oiled. The analyses for accident conditions in this EIR examine the potential impacts to sensitive environmental resources between I-80 and the Delta entrance, and provide specific mitigation to be conducted by Shore Terminals to reduce or eliminate impacts. As above, the primary analysis focuses on the terminal and the area between I-80 and the Delta, with secondary and tertiary emphasis on the Bay and outer coast, respectively.

Assessment Methodology

Environmental Baseline

The analysis of each issue area begins with an examination of the existing physical setting (baseline conditions as determined pursuant to section 15125(a) of the State CEQA Guidelines) that may be affected by the proposed project. The effects of the proposed project are defined as changes to the environmental setting that are attributable to project components or operation.

Significance Criteria

Significance criteria are identified for each environmental issue area. The significance criteria serve as a benchmark for determining if a component action will result in a significant adverse environmental impact when evaluated against the baseline. According to State CEQA Guidelines section 15382, a significant effect on the environment means "...a substantial, or potentially substantial, adverse change in any of the physical conditions within the area affected by the project..."

Impact Analysis

Impacts are classified as:

- **Class I** (significant adverse impact that remains significant after mitigation);
- **Class II** (significant adverse impact that can be eliminated or reduced below an issue's significance criteria);
- **Class III** (adverse impact that does not meet or exceed an issue's significance criteria); or
- **Class IV** (beneficial impact).

A determination will be made, based on the analysis of any impact within each affected environmental issue area and compliance with any recommended mitigation measure(s), of the level of impact remaining in comparison to the pertinent significance criteria. If the impact remains significant, at or above the significance criteria, it is deemed to be Class I. If a "significant adverse impact" is reduced, based on compliance with mitigation, to a level below the pertinent significance criteria, it is determined to no longer have a significant effect on the environment, i.e., to be "less than significant" (Class II). If an action creates an adverse impact above the baseline condition, but such impact does not meet or exceed the pertinent significance criteria, it is determined to be adverse, but less than significant (Class III). An action that provides an improvement to an environmental issue area in comparison to the baseline information is recognized as a beneficial impact (Class IV).

Formulation of Mitigation Measures and Mitigation Monitoring Program

When significant impacts are identified, feasible mitigation measures are formulated to eliminate or reduce the intensity of the impacts and focus on the protection of sensitive resources. The effectiveness of a mitigation measure is subsequently determined by evaluating the impact remaining after its application. Those impacts meeting or exceeding the impact significance criteria after mitigation are considered residual impacts that remain significant (Class I). Implementation of more than one mitigation measure may be needed to reduce an impact below a level of significance. The mitigation measures recommended in this document are identified in the impact assessment sections and presented in a Mitigation Monitoring Program (MMP). The MMP is provided in Section 8.0.

If any mitigation measures become incorporated as part of a project's design, they are no longer considered mitigation measures under the CEQA. If they eliminate or reduce a potentially significant impact to a level below the significance criteria, they eliminate the potential for that significant impact since the "measure" is now a component of the action. Such measures incorporated into the project design have the same status as any "applicant proposed measures." The CSLC's practice is to include all measures to eliminate or reduce the environmental impacts of a proposed project, whether applicant proposed or recommended mitigation, in the MMP.

1.5 COMPLIANCE WITH THE CEQA

Scoping Process

The CSLC, Lead Agency for the Proposed Project, determined that the Proposed Project may result in significant, adverse impacts, and hence required preparation of an EIR. The CSLC authorized the preparation of this EIR to assess the potential environmental impacts of the Proposed Project pursuant to and in accordance with the CEQA (Public Resources Code, Section 21000 et. seq.), the Guidelines for Implementation of the CEQA published by the Resources Agency of the State of California (California Administrative Code, Sections 15000 et. seq.), and the CSLC.

A scoping process was conducted in accordance with the CEQA Guidelines. CLSC staff prepared a Project Description/Initial Study (IS) in April 2000, released an NOP in March 2001, and conducted a Scoping Meeting in the city of Martinez in April 2001. A copy of the NOP, mailing list and comments received are included in Appendix A. A project update was issued in March 2003 notifying the public that this EIR would assess the potential environmental impacts for a period of 20 years. This EIR addresses the potential significant environmental impacts that were identified in the NOP and the comments received during the scoping process.

EIR Review

This Draft EIR is being circulated to local and state agencies and to interested individuals who may wish to review and comment on the report. Written comments may be submitted to the CSLC during the 45-day review period. Verbal comments on the Draft EIR will be heard at a public meeting (noticed under separate cover). All comments received will be addressed in a Response to Comments addendum document, which, together with the Draft EIR, will constitute the Final EIR.

This EIR identifies the environmental impacts of the Proposed Project on the existing environment, indicates how those impacts will be mitigated or avoided, and identifies and evaluates alternatives to the Proposed Project. This document is intended to provide the CSLC the information required to exercise its jurisdictional responsibilities on the proposed lease.

CEQA requires that a Lead Agency shall neither approve nor perform a project as proposed unless the significant environmental impacts have been reduced to an acceptable level (Section 15091). An acceptable level is defined as eliminating, avoiding, or substantially lessening significant impacts to below a level of significance. If the Lead Agency approves the project even though significant impacts identified in the EIR cannot be fully mitigated, the agency must state in writing the reasons for its action. Findings and a Statement of Overriding Considerations (SOC) must be included in the record of project approval and mentioned in the Notice of Determination (NOD).